

January 4, 2005

NORTH DAKOTA'S BUDGETING PROCESS

North Dakota's bicameral Legislative Assembly meets for up to 80 legislative days beginning in January and usually concluding in April of each odd-numbered year. By the close of each regular legislative session, the Legislative Assembly approves North Dakota's biennial budget, which takes effect on July 1 of that year and ends on June 30 of the following odd-numbered year.

North Dakota's budgeting process begins in March of the year prior to the legislative session with the Governor's budget guidelines and state agencies and institutions preparing and submitting their biennial budget requests to the Office of Management and Budget (OMB) beginning in July. The Office of Management and Budget holds selected executive budget hearings to allow agencies an opportunity to explain and justify their budget requests for inclusion in the Governor's budget recommendation to the Legislative Assembly. The legislative budget analyst and auditor's staff attends these budget hearings. Revenue forecast information used by the Governor in the development of the executive budget recommendation is based on information provided by the Tax Department and an economic forecasting firm under contract with the state. A revenue consensus group is used by OMB for additional input. The Legislative Assembly also uses this revenue information as well as updated revenue information provided in March during the legislative session as it develops the legislative budget.

The Legislative Assembly receives the Governor's executive budget recommendation during its organizational session in the December preceding the legislative session. The Legislative Council's Budget Section meets following the organizational session to receive more detailed information regarding the executive budget recommendations. Prior to the convening of the legislative session, the legislative fiscal staff prepares a comprehensive analysis of the executive budget. This analysis is presented to the Appropriations Committees and is made available to all members of the Legislative Assembly for the members' use in developing the legislative budget. The legislative fiscal staff, headed by the legislative budget analyst and auditor, is a division of the Legislative Council, a nonpartisan legislative services agency providing bill drafting, research, fiscal analysis, and other services to members of the Legislative Assembly.

The Office of Management and Budget introduces bills to provide for the revenue and appropriations levels recommended in the Governor's budget. Individual legislators may also introduce bills affecting

state revenues or appropriations for an agency. As it develops the legislative budget, the Legislative Assembly considers the Governor's recommendations and information received through public hearings held in each chamber on each appropriation and revenue bill. Bills for a deficiency appropriation relating to the prior biennium may also be considered. Each bill having an appropriation of \$5,000 or more or a bill with a fiscal note indicating a fiscal impact of \$50,000 or more on an agency's appropriation is by rule required to be referred to the Appropriations Committee.

The Senate Appropriations Committee consists of 15 members and the House Appropriations Committee consists of 23 members. The Senate Appropriations Committee forms ad hoc subcommittees to consider specific issues or funding levels for select agencies. The House Appropriations Committee is organized into four formal subcommittees--Education and Environment, Human Resources, Government Operations, and Government Performance. These subcommittees hold budget hearings on assigned agencies, develop budget recommendations, and report their recommendations to the full Appropriations Committee. The legislative fiscal staff serves the Appropriations Committees and all members of the Legislative Assembly by conducting research, analyzing budgets, preparing amendments, and monitoring the status of revenues, appropriations, and fund balances included in the legislative budget. The fiscal staff also publishes the *Budget Status* report throughout the legislative session which provides the updated status of general fund revenues, appropriations, and ending general fund balance for the next biennium's budget.

Once passed by both chambers of the Legislative Assembly, each bill is delivered to the Governor for signature. When signed, the bill becomes law. Unless otherwise indicated, an appropriations bill or a tax measure bill becomes effective on July 1 following the legislative session, and other bills become effective on August 1. The Legislative Assembly approves approximately 75 appropriation bills each session, providing funding for the operations of state government for the subsequent biennium.

North Dakota Century Code Chapter 54-16 establishes the Emergency Commission which has authority to approve agency requests for line item transfers, for acceptance of additional federal and other funds, and for use of state contingencies appropriations. Budget Section approval is required for transfers or additional spending of federal or other funds exceeding \$50,000.